

**REPORT OF THE AUDIT OF THE  
BELL COUNTY  
SHERIFF**

**For the Year Ended December 31, 2000**



**EDWARD B. HATCHETT, JR.**  
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EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Jennifer Jones, Bell County Judge/Executive  
Honorable Robert Harold Harbin, Bell County Sheriff  
Members of the Bell County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Bell County, Kentucky, as of December 31, 2000.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC evaluated the Bell County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure



**AUDIT EXAMINATION OF THE  
BELL COUNTY SHERIFF**

**Calendar Year 2000**

**Berger & Ross, PLLC**  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BELL COUNTY SHERIFF**

**Calendar Year 2000**

Berger & Ross, PLLC, has completed the Bell County Sheriff's audit for calendar year 2000. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees decreased by \$23,360 from the prior calendar year, resulting in excess fees of \$257,892 as of December 31, 2000. Revenues decreased by \$21,905 from the prior year and disbursements decreased by \$196.

#### **Report Comments:**

None

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

#### **Subsequent Event:**

None





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Association of Government Accountants (AGA)  
Association of Public Accountants (APAs)  
National Association of Tax Professionals (NATP)  
Government Auditing Standards (GAS)

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Bell County, Kentucky, for the year ended December 31, 2000. This financial statement is the responsibility of the Bell County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Bell County Sheriff's office prepared the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the receipts and disbursements of the County Sheriff for the year ended December 31, 2000, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton Secretary, Revenue Cabinet  
Honorable Jennifer Jones, Bell County Judge/Executive  
Honorable Harold Harbin, Bell County Sheriff  
Members of the Bell County Fiscal Court  
(Continued)

In accordance with Government Auditing Standards, we have also issued our report dated May 23, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -  
May 23, 2002

BELL COUNTY  
HAROLD HARBIN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2000

Receipts

State Fees For Services:

Finance And Administrative Cabinet	\$	10,264
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Circuit Court Clerk:

Sheriff's Security Fees	\$ 16,812	
Arrest Fees	1,796	18,608

Fiscal Court:

Sheriff's Salary		63,542
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County Clerk: - Delinquent Taxes		7,501
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Commission on Taxes Collected		149,045
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Fees Collected for Services:

Auto Inspections	\$ 11,536	
Transporting Mental Patients	545	
Serving Papers	15,967	
Accident/Police Reports	543	28,591

Other:

Add on Fee for Taxes Collected	\$ 40,648	
Carrying Concealed Deadly Weapon Permits	9,645	
Interest Earned	4,426	
Redeposit Travel Money	1,290	\$ 56,009

Gross Receipts		\$ 333,560
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Operating Disbursements:

Material and Supplies-

Office Material and Supplies		352
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Other:

Postage	\$ 79	
Transport Fugitives	4,281	
Change Fund	500	
Carrying Concealed Deadly Weapons	6,835	
Miscellaneous	79	11,774

Total Disbursements(Carried Forward)		\$ 12,126
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The accompanying notes are an integral part of the financial statement.

BELL COUNTY  
HAROLD HARBIN, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS  
Calendar Year 2000  
(Continued)

Total Disbursements(Brought Forward)	\$ 12,126
Net Receipts	\$ 321,434
Less: Statutory Maximum	63,542
Excess Fees Due to Fiscal Court:	\$ 257,892
Amount Paid Fiscal Court at Various Dates	257,892
Amount Due At End of Audit	\$ (0)

BELL COUNTY  
NOTES TO THE FINANCIAL STATEMENT

December 31, 2000

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2000.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentality's, obligations and contracts for future delivery or purchase of obligations back by good faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.

BELL COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
December 31, 2000  
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2000, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Health Insurance Premiums

KRS 61.405 allows county fee officials to purchase (12) twelve months of health insurance coverage for their employees, if excess fees are available. Therefore, the expenditures are allowable. The Attorney General has issued opinion 92-108, which claims the statute is unconstitutional and discriminatory. The Attorney General also issued OAG 94.11 on February 25, 1994, stating health or medical insurance provided uniquely for an official and not in connection with a government program providing benefits to all employees would be personal in nature.

Note 5. Drug Control Account

The Sheriff maintained a Drug Task Force Account for calendar year 2000. The beginning balance was \$2769.82 and \$260.00 receipts totaled during the calendar year 2000. The sheriff expended from this account \$2404.14 resulting in an ending balance of \$625.68 on December 31, 2000, which is not available as excess fees

Note 6. Change Fund

The Bell County Fiscal Court allows the Sheriff to retain \$500 in the fee account to pay miscellaneous expenses. At the end of the Sheriff's term in office, the fund will be turned over to the Fiscal Court.



REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the Bell County Sheriff for the year ended December 31, 2000, and have issued our report thereon dated May 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Bell County Sheriff's financial statement as of December 31, 2000, is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bell County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance with Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -  
May 23, 2002

